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CENTRAL INTELLIGENCE GROUP  
INTELLIGENCE REPORT

COUNTRY China

DATE:

INFO. As stated

SUBJECT Economic Information: Kuantung Peninsula

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SUPPLEMENT

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1. More than 100,000 people have left Port Arthur and Dairen because of the severe food shortage. Many of these people, natives of Shantung, have returned to their home province, while most of the local people have gone to Mukden. Ten to twenty people a day commit suicide.
2. In February the highest price of one catty of dried sweet potato slices was the equivalent of CNC 1000, and one catty of corn cost the equivalent of CNC 1800. Recently the price of a catty of corn was 60 Soviet Army dollars, but now the price per catty is 200 Soviet Army dollars.
3. The only currency in circulation is the Soviet Army currency. The exchange rate on the black market is U.S. 1:800 Soviet Army dollars. One ounce of gold is worth 71,000 Soviet Army dollars. Manchurian, Korean and Japanese notes have been banned. Only a limited number of Soviet Army notes is allowed to each person, and anyone carrying more than that number will be punished.
4. Locomotives and passenger cars are being shipped out of the Kuantung Peninsula on Soviet ships. Only one train runs between Port Arthur, Dairen and Shihho (121-52,39-20). It has separate sections for men, women and military personnel. Supplies of the (South) Manchurian Railroad warehouses and storage dumps in Dairen have all been moved away by the Soviet troops.
5. Large quantities of salt are obtained by the Soviets from the Fuchou salt beds (approximately 121-30,39-30). The salt is transported via horsecart from Pulantien (121-59,39-24) to the south of Shihho. The cart drivers bribe their way through the Nationalist lines and sell the salt to Chinese Communists who then trade the salt to the Soviets for war materiel captured from the Japanese. The Soviets load the salt onto ships at Dairen.
6. A new organization has been established in Dairen called the Producing Section. It is responsible for buying various kinds of goods. Note: This organization may be similar to the Consumers Association of North Korea.

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7. Soviet-controlled train service from Dairen is as follows: One train daily travels back and forth between Dairen and Shihho. The total income per day is 100,000 Soviet Army dollars. One train daily travels back and forth between

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Dairen and Port Arthur. The income per day is 70,000 Soviet Army dollars. There is also a train service between Dairen and Hsingshutun (122-10, 36-17).

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8. There is a fuel shortage in Dairen. Since 17 March the Soviets have shipped 7,000 tons of willow wood from North Korea to this area in exchange for 4,000 tons of salt.
9. The Soviet-controlled power works in Dairen has a daily income of 1,800,000 Soviet Army dollars. The telephone company collects 25,000 and the waterworks collects 300,000 Soviet Army dollars daily.
10. The Soviet Military Food Organization (?) in Dairen has transported from North Korea to the Peninsula large quantities of cereals, including 33,000 tons of foodstuffs left by the Japanese forces. There are four rice-hulling mills at the Dairen wharfs. Trucks leave for Port Arthur daily carrying the hulled rice.
11. Since 10 April the Chinese Communists on the Kuantung Peninsula have been dismantling the factories in Dairen and transporting them to Kanchingtau (a section of Dairen on the north side of Dairen Bay), Hsiacpingtao (121-29, 38-50), and Heitsuitzu (黑嘴子). From there the Chinese Communists intend to move them to Eastern Shantung.

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